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JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF

CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3289) making emergency supplemental appropriations for defense and for the reconstruction of Iraq and Afghanistan for the fiscal year ending September 30, 2004, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effects of the action agreed upon by the managers and recommended in the accompanying conference report.

Report language included by the House in the report accompanying H.R. 3289 (H. Rept. 108-312) and included by the Senate in the report accompanying S. 1689 (S. Rept. 108-160) should be complied with unless specifically addressed in this statement of the managers. The statement of the managers, while repeating some report language for emphasis, is not intended to negate the language referred to above unless expressly provided herein.

TITLE I – NATIONAL SECURITY

CHAPTER 1

DEPARTMENT OF DEFENSE - MILITARY

Chapter 1 of the conference agreement recommends \$64,702,554,000 for the Department of Defense, instead of \$64,702,854,000 as proposed by the House and \$65,147,554,000 as proposed by the Senate.

The following table provides details of the supplemental appropriations in this chapter.

(In Thousands of Dollars)

	Request	House	Senate	Conference
Military Personnel:				
Military Personnel, Army	12,858,870	12,188,870	12,858,870	12,858,870
Military Personnel, Navy	816,100	816,100	816,100	816,100
Military Personnel, Marine Corps	753,190	753,190	753,190	753,190
Military Personnel, Air Force	3,384,700	3,384,700	3,384,700	3,384,700
Total Military Personnel	17,812,860	17,142,860	17,812,860	17,812,860
126/24				
Operation and Maintenance:	24 100 464	24,257,664	24,946,464	23,997,064
O&M, Army	24,190,464		1,976,258	1,956,258
O&M, Navy	2,106,258	1,934,058		• • • •
O&M, Marine Corps	1,198,981	1,198,981	1,198,981	1,198,981
O&M, Air Force	5,948,368	5,598,368	5,516,368	5,416,368
O&M, Defense-Wide	4,618,452	4,485,452	4,218,452	4,355,452
O&M, Marine Corps Reserve	16,000	16,000	16,000	16,000
O&M, Air Force Reserve	53,000	53,000	53,000	53,000
O&M, Air National Guard	214,000	214,000	214,000	214,000
Overseas Humanitarian, Disaster and				
Civic Aid	35,500	35,500	35,500	35,500
Irag Freedom Fund	1,988,600		1,988,600	1,988,600
Total Operation and Maintenance			40,163,623	39,231,223

(Sec. 1121)	<i>CE 147 EE A</i>	64 702 954	 65 147 554	100,000
General Provisions: Storm Damage (Sec. 1109) Munitions Security and Destruction		413,300		313,000
Management Account	21,500	21,500	21,500	21,500
Related Agencies: Intelligence Community	21 500	21 500	21.500	21 500
Total Other	731,380	731,380	731,380	731,380
Activities, Defense	73,000	73,000	73,000	73,000
Defense Health Program Drug Interdiction & Counter-Drug	658,380	658,380	658,380	658,380
Other Department of Defense Programs:				
Total Revolving & Management Funds	624,000	624,000	624,000	624,000
National Defense Sealift Fund	24,000	24,000	24,000	24,000
Revolving and Management Funds: Defense Working Capital Funds	600,000	600,000	600,000	600,000
Total RDT&E	338,887	268,887	338,887	333,887
RDT&E, Defense-Wide	265,817	195,817	265,817	260,817
RDT&E, Air Force	39,070	39,070	39,070	39,070
Evaluation: RDT&E, Navy	34,000	34,000	34,000	34,000
Research, Development, Test and				
Total Procurement	5,249,304	5,621,304	5,455,304	5,534,704
Procurement, Defense-Wide	435,635	418,635	435,635	418,635
Other Procurement, Air Force	3,441,006	3,418,006	3,441,006	3,438,006
Missile Procurement, Air Force	20,450	20,450	20,450	20,450
Aircraft Procurement, Air Force	40,972	53,972	40,972	53,972
Procurement, Marine Corps	123,397	123,397	123,397	123,397
Other Procurement, Navy	76,357	76,357	76,357	76,357
Aircraft Procurement, Navy	128,600	158,600	128,600	158,600
Other Procurement, Army	930,687	1,250,287	1,078,687	1,143,687
Procurement of WTCV, Army	46,000	101,600	104,000	101,600
Missile Procurement, Army	6,200		6,200	

FISCAL YEAR 2004 APPROPRIATIONS REPORTING REQUIREMENTS

The conferees agree with the House report on this subject, except that the comprehensive financial analysis and update for fiscal year 2004 should be submitted to the congressional defense committees once, and no later than April 30, 2004.

CLASSIFIED PROGRAMS

Recommended adjustments to classified programs are addressed in a classified annex accompanying this conference report.

MILITARY PERSONNEL

The conference agreement recommends \$17,812,860,000 for the military personnel accounts, the amount proposed by the President's request and the Senate, instead of \$17,142,860,000 as proposed by the House. The conferees' recommendation will fund incremental costs of pays and allowances for active duty and Reserve personnel deployed in support of Operation Iraqi Freedom, Operation Enduring Freedom, and Operation Noble Eagle through the end of fiscal year 2004.

The conferees do not agree to transfer \$670,000,000 from Military Personnel, Army to Operation and Maintenance, Army, as proposed by the House, to support contracting for civilian security guards to replace Reserve component soldiers who are currently performing security duty for Army installations.

OPERATION AND MAINTENANCE

The conference agreement recommends \$39,231,223,000 for the Operation and maintenance accounts, instead of \$39,879,623,000 as proposed by the House, and \$40,163,623,000 as proposed by the Senate. Adjustments to the Operation and maintenance accounts are shown below:

(In Thousands of Dollars)

(III Thousands of Donars)	Change from
	Request
Operation and Maintenance, Army	
Unit Level Maintenance	155,000
SAPI Plates, Rapid Fielding Initiative, UXO/EOD Cleanup	300,000
Depot Maintenance Second Destination Transportation	127,600
Theater Communications	72,000
AAFES Support for Deployed Forces	10,000
CPA Admin and ops costs (transferred to Title II)	-858,000
Operation and Maintenance, Navy	
Excess Increased OPTEMPO, Operations Support Costs	-150,000
Operation and Maintenance, Air Force	
Unjustified Incremental Contingency, Operations Support Costs	-350,000
Excess Inter/Intra-Theater Airlift	-132,000
Excess DPEM	-50,000
Operation and Maintenance, Defense-Wide	
Counter-Terrorism Train and Equip	-50,000
Reduction to Classified Programs	-28,000
Excess Support to Key Cooperating Nations	-200,000
DLA-DPAO	15,000

AAFES SUPPORT FOR DEPLOYED FORCES

The conferees recommend an additional \$10,000,000 in Operation and Maintenance, Army only for Army and Air Force Exchange System support to forces deployed for Operations Iraqi Freedom, and Operation Enduring Freedom. The total amount provided in the conference agreement for Army and Air Force Exchange System support to deployed forces is \$40,000,000.

REST AND RECUPERATION TRAVEL

The conferees recommend that of the funds provided in Operation and Maintenance, Army, \$55,000,000 be used only for covering the travel costs of troops on rest and recuperation leave. Specifically, these funds shall be used to cover any additional costs incurred by troops returning from the Iraq or Afghanistan theaters to reach their home of record (in the United States, or its territories and commonwealths) from established disembarkation points in the United States. Department officials may use these funds to cover troop travel costs from established disembarkation points to places other than their home of record in a manner consistent with current Department of Defense travel regulations and guidelines. Further, the conferees agree that, to the maximum extent practicable, the commercial airline industry should charge Armed Forces members and their families the lowest available fares for air travel in connection with rest and recuperation leave.

FAMILY ADVOCACY PROGRAM

The conferees recommend that of the funds provided in Operation and Maintenance, Defense-Wide, \$32,000,000 be used only for the Family Advocacy Program to address wartime community needs such as family counseling, domestic violence training and prevention programs, and readjustment counseling for military personnel.

NATIONAL GUARD FAMILY READINESS PROGRAM

The conferees recommend that of the funds provided in the Iraq Freedom Fund, \$10,000,000 shall be used only for the Family Readiness Program of the National Guard, which provides information, referral and outreach assistance to military families during the deployment process.

PROCUREMENT

The conference agreement recommends \$5,534,704,000 for the Procurement accounts, instead of \$5,621,304,000 as proposed by the House and \$5,455,304,000 as proposed by the Senate.

Recommendations for the Procurement accounts are shown below:

(In thousands of dollars)

_	House	Senate	Conference
	•	0.000	0
Missile Procurement, Army	0	6,200	0
Multiple Launch Rocket System	0		0
Weapons, Tracked Combat Vehicles, Army	101,600	104,000	101,600
Paladin	0		0
Rapid Equip Force	6,000		6,000
Rapid Fielding Initiative	26,200		26,200
Enhanced Separate Brigades	11,400		11,400
APS-5 Replenishment	58,000	58,000	58,000
Other Procurement, Army	1,250,287	1,078,687	1,143,687
Logistics Support Equipment	30,500		30,500
C2 Equipment	42,200		42,200
Radio Frequency Identification Tags	3,400		3,400
Technical Collection (Guardrail)	8,000		8,000
Enhanced Separate Brigades	122,500		122,500
Up-armored HMMWVs	177,200		177,200
Rapid Equip Force	47,100		47,100
Rapid Fielding Initiative	76,600		76,600
Base Camp Housing Units	344,687		344,687
Mobile Search Devices	12,600		12,600
Basic Language Translation Service	2,000		2,000
Packbots	5,000		5,000
Joint Tactical Terminals	41,100		41,100
Joint Communications Support Element	7,500		7,500
Classified	10,300		10,300
APS-5 Replenishment	190,600	84,000	84,000
Theater Stabilized Communications	83,000	64,000	83,000
Portable Radio Jammers	46,000		46,000
Aircraft Procurement, Navy	158,600	128,600	158,600
E-2C Outer Wing Panels	1,500		1,500
Aircraft Spares	59,100		59,100
EA-6B Outer Wing Panels	70,000		70,000
EA-6B Wing Center Section	15,000		15,000
F-18 Equipment	13,000		13,000

(In thousands of dollars)

	House	Senate	Conference
Other Procurement, Navy	76,357	76,357	76,357
C2 Equipment	5,800		5,800
OPN Spares	27,200		27,200
Explosive Ordnance Disposal Equipment	24,957		24,957
Medical Support Equipment - Fleet Hospitals	13,200		13,200
Global Broadcast Service (Shipboard)	4,500		4,500
Classified Program	700		700
Procurement, Marine Corps	123,397	123,397	123,397
M88A2 Recovery Vehicle	8,300		8,300
MK48 Light Armored Vehicle (LVS) Mod	13,100		13,100
Light Armored Vehicle	23,200		23,200
AAV Reliability, Availability, Maintainability Upgrade	78,797		78,797
Aircraft Procurement, Air Force	53,972	40,972	53,972
War Consumables Recap	35,702	40,312	35,702
Technical Collection (RC-135 and U2)	13,000		13,000
Aircraft Common Support Equipment	5,270		5,270
Missile Procurement, Air Force	20,450	20,450	20,450
Predator (Hellfire Missiles)	4,850	20,100	4,850
Classified Programs	15,600		15,600
Other Procurement, Air Force	3,418,006	3,441,006	3,438,006
Theater Deployable Communications	38,500	-, ,	38,500
Other Logistics Equipment	68,700		68,700
Medical/Dental Equipment Losses	13,665		13,665
CPA Counter Intelligence Support	3,810		3,810
Replace Theater Communications	85,000		85,000
Aircraft Refueling Vehicles	25,000		25,000
Support Equipment	20,306		20,306
All-purpose Remote Transport System	1,500		1,500
Technical Collection (RC-135 and U2)	-0		0
Red Horse Reconstitution	25,900		25,900
Diego Garcia Vehicles	14,625		14,625
Classified Programs	3,121,000		3,121,000
Classified Adjustment			20,000

(in thousands of dollars)

	House	Senate	Conference
Procurement, Defense-Wide	418,635	435,635	418,635
MC-130P Quick Engine Change Kits (SOCOM)	13,800		13,800
MH-53 Gearbox (SOCOM)	7,700		7,700
Critical C4I Equipment (SOCOM)	36,600		36,600
SOF Soldier Systems (SOCOM)	23,800		23,800
SOF Ammunition (SOCOM)	23,900		23,900
SOF Intelligence Systems (SOCOM)	13,100		13,100
Psychological Operations (PSYOP) Equipment (SOCOM) Target Tracking and Locating Devices (SOCOM)	14,800 2,700		14,800 2,700
Inflatable Antennas	6,500		6,500
CENTRIX	17,700		17,700
Information Assurance	16,200		16,200
Worldwide Base Stations	6,000		6,000
NSC Data Replication (DISA)	3,900		3,900
Iraq Communications Backbone (DISA)	6,100		6,100
CENTCOM Global C2 System (GCCS) Joint Hardware (DISA)	1,500		1,500
Improved Imagery Capability (NIMA)	21,600		21,600
Decontamination Equipment	8,000		8,000
Collective Protection	17,535	404.000	17,535
Classified Programs	177,200	194,200	177,200
TOTAL, PROCUREMENT	5,621,304	5,455,304	5,534,704

UP-ARMORED HMMWVS

The conferees recommend a total of \$239,300,000 for Up-armored HMMWVs and associated equipment to support requirements in Iraq. This amount includes \$177,200,000 in "Other Procurement, Army", as proposed in the budget request, and \$62,100,000 from amounts made available in the Iraqi Freedom Fund. The conferees agree that this funding will provide for a total of 1,065 Up-armored HMMWVs which is an increase of 318 above the budget request.

EQUIPMENT SHORTAGES

The conferees note that, despite recent efforts by the Department of Defense to address equipment shortages, many individuals and units in the active and reserve forces continue to experience shortages in equipment that would enhance both survivability and mission effectiveness. The conferees believe that it must be the Secretary of Defense's highest priority to eliminate such shortages. Accordingly, the conferees encourage the Secretary of Defense to apply additional funds provided in this Act for the most pressing needs. The conferees also direct the Secretary of Defense to submit quarterly update reports to the congressional defense committees, starting December 31, 2003 through December 31, 2004, that identify significant soldier equipment, weapon system, or spare parts shortages in the Iraq and Afghanistan theaters of operation for all major active and reserve component units. These updates also should present the solutions and timetables for procuring and distributing equipment and parts to address any identified shortages.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

The conference agreement recommends \$333,887,000 for the Research, Development, Test and Evaluation accounts, instead of \$268,887,000 as proposed by the House and \$338,887,000 as proposed by the Senate.

Recommendations for the Research, Development, Test and Evaluation accounts are shown below:

(In thousands of dollars)

	House	Senate	Conference
Research, Development, Test and Evaluation, Navy	34,000 34,000	34,000	34,000 34,000
Classified Programs Research, Development, Test and Evaluation, Air Force	39,070 39,070	39,070	39,070 39.070
Classified Programs Research, Development, Test and Evaluation, Defense- Wide	195,817	265,817	260,817
Classified Programs	195,817		260,817
TOTAL, RESEARCH, DEVELOPMENT, TEST AND EVALUATION	268,887	338,887	333,887

GENERAL PROVISIONS - THIS CHAPTER

The conferees agree to retain and amend section 1101, as proposed by the House, which provides the Secretary of Defense with \$3 billion in additional transfer authority, only for funds in this chapter. The Senate included similar language.

The conferees agree to retain section 1102, as proposed by the House, which provides that funds appropriated in this Act are deemed specifically authorized for the purposes of section 504 of the National Security Act of 1947. The Senate included similar language.

The conferees agree to retain section 1103, as proposed by the House, which extends the authorization during fiscal year 2004 of travel and transportation allowances for family members of service members who are ill or injured on active duty in support of Operation Iraqi Freedom, Operation Enduring Freedom or Operation Noble Eagle; and authorizes the Department to provide civilian clothing for wear by the service member during their hospital stay. The Senate included similar language.

The conferees agree to retain section 1104, as proposed by the House, which extends the authorization for the Department to make the higher rates of Imminent Danger Pay and Family Separation Allowance to all eligible service members during fiscal year 2004. The Senate included similar language.

The conferees agree to retain section 1105, as proposed by the House, which provides that adjustments to obligations that would have been properly chargeable to the Defense Emergency Response Fund shall be charged to any current appropriations account of the Department of Defense for the same purpose. The Senate included similar language.

The conferees agree to retain and amend section 1106, as proposed by the House and Senate, which allows the Department to use funds for supplies, services, transportation, and other logistical support of troops to support military and stability operations in Iraq and directs the Secretary of Defense to provide quarterly reports to the congressional defense committees.

The conferees agree to retain and amend section 1107, as proposed by the House, which provides \$150,000,000 from funds available in "Operation and Maintenance, Defense-Wide" to provide training and equipment only to the New Iraqi Army and the Afghan National Army to combat terrorism and support U.S. military operations. The Senate included similar language.

The conferees agree to retain section 1108, as proposed by the House, which prohibits funds provided in this Act to finance programs or activities denied by Congress, or to initiate a new start program without prior notification to the congressional defense committees. The Senate included similar language.

The conferees agree to retain and amend section 1109, as proposed by the House, to provide \$313,000,000 in funding for Operation and Maintenance and Procurement accounts, as opposed to \$413,300,000 as recommended by the House, only for the military services to accomplish recovery and repair made necessary by recent natural disasters including Hurricane Isabel. These funds are allocated as follows:

Operation and Maintenance, Army	\$47,100,000
Operation and Maintenance, Navy	87,600,000
Operation and Maintenance, Marine Corps	6,700,000
Operation and Maintenance, Air Force	169,300,000
Other Procurement, Air Force	• •

Of the amount provided in this section for "Operation and Maintenance, Air Force", \$6,500,000 is for repair of facilities at the NASA Langley Research Center, including facilities used for Department of Defense research programs.

The conferees agree to retain section 1110, as proposed by the House, which makes \$180,000,000 from funds available in this Act for operation and maintenance for the Commander's Emergency Response Program for military commanders to respond to urgent humanitarian needs in Iraq and Afghanistan.

The conferees agree to retain section 1111, as proposed by the House, which requires the Secretary of Defense to provide a description of an Analysis of Alternatives for replacing Air Force KC-135 aircraft.

The conferees agree to retain section 1112, as proposed by the House, which exempts members of the armed forces from the requirement to pay subsistence charges while hospitalized, makes the exemption permanent, and makes the exemption retroactive to September 11, 2001. The Senate included similar language.

The conferees agree to retain and amend section 1113, as proposed by the Senate, which prohibits use of funds in this Act to alter command responsibility or permanent assignment of forces until 270 days after notification to the congressional defense committees.

The conferees agree to retain and amend section 1114, as proposed by the Senate, which authorizes administering Secretaries to provide medical or dental screening or care at no cost for all members of the Ready Reserve who are ordered to active duty.

The conferees agree to retain and amend section 1115, as proposed by the Senate, which provides the TRICARE benefit to inactive Reservists and their family members, if they are eligible for unemployment compensation or not eligible for health care benefits under an employer-sponsored health benefits plan.

The conferees agree to retain and amend section 1116, as proposed by the Senate, which amends section 1074 of title 10, U.S.C. to expand the time period a Reservist would be considered to be on active duty for the purpose of TRICARE eligibility.

The conferees agree to retain and amend section 1117, as proposed by the Senate, which amends the Transitional Assistance Medical Program (TAMP) benefit program from 60 days to 180 days beginning on the date on which the member is separated from active duty.

These four new provisions (sections 1114, 1115, 1116, and 1117) enhance TRICARE access for members of the National Guard and Reserve Components. It is the conferees' intent that these provisions constitute a one-year demonstration program to determine whether a permanent benefit beyond fiscal year 2004 should be authorized.

The conferees direct the Department of Defense to report to the congressional defense committees no later than May 30, 2004 on the implementation of this demonstration program and its associated impact on recruiting and retaining both active and reserve component personnel.

Based on information provided to the Congress from the Congressional Budget Office, the conferees have been advised that the cost of this demonstration program is approximately \$200,000,000. However, the conferees recognize that these are estimates based on projected utilization rates. Accordingly, the conferees assume that not more than \$400,000,000 shall be required to implement this demonstration program in fiscal year 2004.

The conferees further direct the Department of Defense, no later than April 15, 2004, to provide the congressional defense committees the cost

estimates of this demonstration program based on actual and projected utilization rates.

The conferees agree to retain and amend section 1118, as proposed by the Senate, which requires the Department to notify each Reservist who is ordered to active duty in writing of the expected period during which they will be mobilized.

The conferees agree to retain and amend section 1119, as proposed by the Senate, which provides that authority in section 1314(1) of Public Law 108-11, making funds available to build an Infantry Brigade Rifle Range for the South Carolina National Guard, shall apply to the use of available funds appropriated for fiscal year 2004.

The conferees agree to include a new provision, section 1120, which directs the Secretary of Defense to submit biannual reports on Iraq and Afghanistan to the Congress.

The conferees agree to include a new provision, section 1121, which provides an additional \$100,000,000 for securing and destroying conventional munitions in Iraq.

CHAPTER 2

DEPARTMENT OF HOMELAND SECURITY

UNITED STATES COAST GUARD

Operating Expenses

The conferees agree to provide an additional \$23,183,000 for "Operating Expenses" to repair damages the Coast Guard incurred during Hurricane Isabel.

EMERGENCY PREPAREDNESS AND RESPONSE

Disaster Relief

The conferees agree to provide an additional \$500,000,000 for disaster relief activities associated with recently declared disasters, such as Hurricane Isabel and the California wildfires.

Other Activities

Within current authorities, the conferees direct the Emergency

Preparedness and Response Directorate to work expeditiously with the

Borough of Versailles, Pennsylvania, and the National Energy Technology

Laboratory to remediate the problem where high gas readings due to the over 600 abandoned gas wells force the evacuation of residents and businesses in Versailles.

SCIENCE AND TECHNOLOGY

The conferees are aware that the Department of Homeland Security has begun research and development on Man-Portable Air Defense Systems (MANPADS) countermeasures for commercial airliners pursuant to the "Program Plan for the Development of an Antimissile Device for Commercial Aircraft" prepared by the Under Secretary for Science and Technology. Upon the completion of research and development, the Department of Homeland Security should consider aircraft enrolled in the Civil Reserve Air Fleet in deployment of countermeasures.

GENERAL PROVISION, THIS CHAPTER

Sec. 1201. The conferees agree to amend the Department of Homeland Security Appropriations Act, 2004 (Public Law 108-90) to make Biodefense Countermeasures funding subject to the authorization of the Project Bioshield Act of 2003, upon the enactment of that Act.

PROVISIONS NOT ADOPTED

The conference agreement deletes section 334 of the Senate bill changing the Federal share of the cost of any disaster relief payment for damage caused by Hurricane Isabel.

The conference agreement deletes section 5008 of the Senate bill on equipping aircraft with countermeasures against the threat of shoulder-fired missiles.

CHAPTER 3

DEPARTMENT OF DEFENSE MILITARY CONSTRUCTION

ITEMS OF GENERAL INTEREST

As a result of the United States' commitment to fighting the Global War on Terrorism, there has been an increase in operational requirements in the Central Command's area of responsibility. The footprint of American military forces has expanded to include the construction and management of military facilities in overseas locations to house service members and to stage operational resources. The conferees direct the Central Command to report to the congressional defense and military construction subcommittees, in both classified and unclassified form, on its master plan for facilities in the Central Command area of responsibility, including the operational requirements and the planned disposition of equipment, aircraft and personnel, no later than December 1, 2003.

MILITARY CONSTRUCTION, ARMY

The conference agreement appropriates \$162,100,000 for Military Construction, Army, instead of \$185,100,000 as proposed by the House and \$119,900,000 as proposed by the Senate. Of the funds appropriated, \$119,900,000 is provided to finance projects required to support the Global War on Terrorism and Operation Iraqi Freedom as follows:

Location/Facility	Project Description Cost	$\rightarrow \lambda$
Irag: Al Falluiuh (MEK)	.Power Plant and Electrical Distribution	\$8,000,000
	.Entry Control Points	
	.Power Plant and Electrical Distribution	
	. Theater-wide Postal Distribution Facility	7,000,000
Iraq: Balad Airfield	.Power Plant and Electrical Distribution	16,000,000
Iraq: Balad	.Base Camp Water Treatment Plant	9,800,000
Iraq: Balad	Base Camp Wastewater Treatment Plant	10,500,000
Iraq: Baghdad—Victory Base	Power Plant	11,500,000
Iraq: Baghdad-Radwaniya Palace Complex	.Sensitive Compartmented Information Facility	6,000,000
Iraq: Baghdad-Radwaniya Palace Complex	.Joint Operations Center	3,500,000
Iraq: Baghdad-Radwaniya Palace Complex	.Training Facility	2,200,000
Iraq: Taji Military Complex	Power Plant and Electrical Distribution	16,500,000
Iraq: Tikrit-Camp Speicher	Power Plant and Electrical Distribution	15,500,000
	Planning and Design	
Total		\$119,900,000

An additional \$42,200,000 is provided to repair facilities damaged by Hurricane Isabel at Fort Monroe, Virginia. As proposed by the House, the conferees agree to include bill language that authorizes the use of funds for planning and design and for construction. The conferees recommend a reduction of \$23,000,000 from the amount proposed by the House for unspecified minor construction funds because the request was not explained in sufficient detail to justify the appropriation.

MILITARY CONSTRUCTION, NAVY

As proposed by the House, the conference agreement appropriates \$45,530,000 for Military Construction, Navy, to replace two Naval facilities damaged by Hurricane Isabel. The Senate bill contained no similar provision.

MILITARY CONSTRUCTION, AIR FORCE

As proposed by the House and the Senate, the conference agreement appropriates \$292,550,000 for Military Construction, Air Force, to finance various projects around the

world in support of the Global War on Terrorism and Operation Iraqi Freedom. As proposed by the House, the conferees agree to include bill language that authorizes the use of funds for planning and design and for construction.

FAMILY HOUSING OPERATION AND MAINTENANCE, ARMY

The conference agreement appropriates \$11,420,000 for Family Housing

Operation and Maintenance, Army, instead of \$8,151,000 as proposed by the House. The

Senate bill contained no similar provision. These funds are provided for storm related

damage caused by Hurricane Isabel at Fort Monroe, Fort Eustis, Fort Story, Fort Lee, and

Fort Belvoir in Virginia. The conferees agreed to increase the amount proposed by the

House in view of additional information received regarding damage at Fort Eustis and

Fort Story.

FAMILY HOUSING OPERATION AND MAINTENANCE, NAVY AND MARINE CORPS

As proposed by the House, the conference agreement appropriates \$6,280,000 for Family Housing Operation and Maintenance, Navy and Marine Corps. The Senate bill contained no similar provision. These funds are provided for storm related damage caused by Hurricane Isabel at various sites in North Carolina and Virginia.

FAMILY HOUSING OPERATION AND MAINTENANCE, AIR FORCE

As proposed by the House, the conference agreement appropriates \$6,981,000 for

Family Housing Operation and Maintenance, Air Force. The Senate bill contained no

similar provision. These funds are provided for storm related damage caused by Hurricane Isabel at Langley AFB, Virginia.

GENERAL PROVISIONS - THIS CHAPTER CAPS

The conference agreement includes one general provision, section 1301, as proposed by the House and modified by the Senate. This provision gives the Secretary of Defense authority to use up to \$150,000,000 in operation and maintenance funds for construction projects that support Operation Iraqi Freedom or the Global War on Terrorism. The purpose of the provision is to provide troops in the field flexibility to construct emergency projects using operation and maintenance funds. The provision requires DOD to submit a quarterly report that describes the project, includes supporting documentation, and provides the amount of funds obligated for these purposes. The Senate modification requires DOD to provide Congress with notification of the project 15 days after obligation of funds.

Car SC

Department of Justice

Legal Activities

General Legal Activities

The conference agreement includes \$15,000,000 for "Salaries and Expenses, General Legal Activities," as proposed by the House, instead of no funds as proposed by the Senate. This funding will support additional Civil Division expenses related to the administration of the September 11th Victims Compensation Program.

Department of State and Related Agency

Department of State

Administration of Foreign Affairs

(C+5C)

Diplomatic and Consular Programs ______SC

The conference agreement includes \$156,300,000 under this account as proposed by the House, instead of \$35,800,000 as proposed by the Senate. This funding will cover costs related to increased diplomatic and border security and opening a mission in Iraq. The conference agreement includes \$109,500,000 for requirements related to the provision of consular services; \$11,000,000 for increased security measures in Afghanistan; and \$35,800,000, available until September 30, 2006, for costs associated with the re-establishment of a diplomatic mission in Iraq. The conference agreement rescinds \$35,800,000 provided under Public Law 108-11, as proposed in both the House and Senate bills.

Embassy Security, Construction, and Maintenance



The conference agreement includes \$43,900,000 under this account as proposed by the House, instead of no funds as proposed by the Senate. The conference agreement includes the costs of establishing a temporary

embassy annex compound in Afghanistan to support embassy surge staffing requirements associated with accelerated assistance activities. The conference agreement assumes that the funding provided under this heading, when combined with funding provided elsewhere in this Act for USAID requirements, will support the acquisition and construction of a collocated temporary embassy annex compound in Afghanistan.

Emergencies in the Diplomatic and Consular Service



The conference agreement includes \$115,500,000 under this heading, instead of \$50,000,000 as proposed by the House and \$90,500,000 as proposed by the Senate. The conference agreement includes \$50,000,000 for anticipated costs of terrorism rewards, and includes language that allows funds under this account to be transferred to, and merged with, the Diplomatic and Consular Programs account to maintain funding levels for the fiscal year 2004 Border Security program. The conference agreement also includes \$65,500,000 for costs associated with the protection of foreign missions and officials in New York City, as well as security and protection

costs associated with the 2003 Free Trade in the Americas Ministerial and the 2004 Summit of the Industrialized Nations. In addition, the conference agreement includes language allowing the use of prior year funds under this heading for rewards for an indictee of the Special Court in Sierra Leone. The conferees are concerned that an indictee of the Special Court for Sierra Leone, who has been charged by the Special Court with being "most responsible" for the atrocities committed during Sierra Leone's civil war, is not yet in the custody of the Special Court. The conferees direct the Department to use all available means to bring about the handover of this indictee of the Special Court.

International Organizations (C+5c)

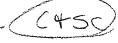
Contributions for International Peacekeeping Activities — (50)

The conference agreement includes \$245,000,000 for assessed costs of United Nations peacekeeping in Liberia as proposed in the House bill, instead of no funds as proposed by the Senate.

Related Agency



Broadcasting Board of Governors



International Broadcasting Operations



The conference agreement includes \$40,000,000 under this heading as proposed by the House, instead of no funds as proposed by the Senate. The amount provided in the conference agreement shall be only for the initiation of Middle East Television Network broadcasting to Iraq.

General Provision – This Chapter



The conference agreement includes language waiving provisions of existing legislation that require authorizations to be in place prior to the expenditure of any appropriated funds.

FOREIGN OPERATIONS, EXPORT FINANCING, RELATED AGENCIES APPROPRIATIONS

CHAPTER 2

BILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

OPERATING EXPENSES OF THE UNITED STATES AGENCY FOR INTERNATIONAL

DEVELOPMENT

The conference report recommends \$40,000,000 for "Operating Expenses of the United States Agency for International Development", which includes \$1,900,000 for the United States Agency for International Development (USAID), Office of Inspector General. This amount for Operating Expenses is the same as the House and Senate levels. The level for the Office of Inspector General is \$2,000,000 less than the Senate bill; the House did not address this matter. The managers have included language reserving these funds for support of relief and reconstruction in Afghanistan, including short-term costs associated with facilities required by the USAID in the existing Embassy compound or in Department of Defense facilities elsewhere in Kabul until a interim, secure compound adjacent to the Émbassy is available. It is the managers' intention that Embassy facilities and vehicles funded by USAID be used primarily by USAID personnel, and be available for other agencies only with the prior written concurrence of the USAID mission director in Kabul and, when feasible, on a reimbursable basis.

Should United States military air transport remain scarce or unavailable to support reconstruction in Afghanistan, and to the extent required by security conditions in the field, a portion of this appropriation may be used for dedicated contract air service within Afghanistan and access to neighboring countries. The conferees expect the Department of State

Coordinator for Afghan Assistance and USAID to consult prior to obligating funds for this purpose.

The conference report provides for operating expenses of USAID in Iraq elsewhere in this Chapter.

CAPITAL INVESTMENT FUND

The conference report recommends \$16,600,000 for the Capital Investment Fund of the United States Agency for International Development to remain available until expended, instead of \$60,000,000 as proposed by the Senate. The House bill did not address this matter.

The conferees have provided full funding under this heading for an interim secure facility in Kabul, Afghanistan, primarily for the use of United

States Agency for International Development, Department of State, and other federal agencies that are implementing and evaluating United States reconstruction and security assistance for Afghanistan.

The conference agreement includes language requiring the Administrator of the United States Agency for International Development to assess fair and reasonable rental payments for the use of space by employees of other United States Government agencies in buildings constructed using funds appropriated under this heading, and provides that such rental payments shall be deposited into this account as an offsetting collection. Such rental payments shall be available for obligation only pursuant to the regular reprogramming notification procedures of the Committees on Appropriations.

IRAQ RELIEF AND RECONSTRUCTION FUND (INCLUDING TRANSFERS OF FUNDS)

The conference report recommends \$18,649,000,000, to remain available until September 30, 2006, for the "Iraq Relief and Reconstruction Fund" (the Fund), the same level as recommended by the House and \$200,000,000 above the Senate . This figure represents a reduction of \$1,655,000,000 below the request and an increase of \$16,174,000,000 above the level provided in the fiscal year 2003 Emergency Wartime Supplemental Appropriations Act when this account was created. The supplemental

request proposed an appropriation of \$20,304,000,000 to remain available until expended.

The conference report provides \$1,890,000,000 for the oil infrastructure function instead of \$2,100,000,000 as proposed by the House and \$1,900,000,000 as proposed by the Senate.

The following table provides amounts for functional categories and programs within categories. The total amount for these functional categories is reflected in the bill language as proposed by both the House and Senate.

The following table provides the baseline for the financial plan required in section 2207 of this Act.

IRAQ RELIEF AND RECONSTRUCTION FUND (Budget Authority, Dollars in Millions) $\underline{1}$ /

Category and Description	Supplemental Request	Conference Agreement
Security and law enforcement:		
Police training and technical assistance	950	950
Traffic police	50	•
Border Enforcement	150	150
Facilities Protection Services	67	67
Subtotal, Law enforcement	1,217	1,167
Establishment of the New Iraqi Army (NIA)	2,000	2,000
(NIA Facilities)	(745)	(745)
(NIA Equipment)	(879)	(879)
(NIA Operations and Training)	(375)	(375)
Iraq Civil Defense Corps	76	76
(Operations and Personnel)	(58.4)	(58.4)
(Equipment)	(17.2)	(17.2)
Subtotal, National Security	2,076	2,076
Total, Security and Law Enforcement	3,293	3,243

Justice, Public Safety Infrastructure and Civil Society:			
Witness Protection Program	100	75	
Other technical investigative methods	10	10	
Penal facilities	400	100	
Reconstruction and modernization of detention	109	109	
facilities			
Facilities protection, mine removal, fire service, and	500	400	
public safety facility and equipment repairs	200		
(Demining)	(61)	(61)	
	274	199	
Public safety training and facilities	150		
National Security Communications Network		90	
Investigations of crimes against humanity	100	75 150	
Judicial security and facilities	200	150	
Democracy building activities	•	100	
United States Institute of Peace	-	10	
Total, Justice, Public Safety Infrastructure and Civil	1,843	1,318	
Society		•	
Electuic Sectors			
Electric Sector:	2,900	2 010	
Generation	·	2,810	
Transmission	1,550	1,550	
Network infrastructure	1,000	1,000	
Automated monitoring and control system	150	150	
Institutional strengthening	25		
Security	50	50	
Total, Electric Sector	5,675	5,560	
Oil Infrastructure:			
	1,200	1,200	*
Infrastructure	900	•	
Emergency supplies of refined petroleum products		690	
Total, Oil Infrastructure	2,100	1,890	
Water Resources and Sanitation:			
Potable water	2,830	2,830	
Water conservation	30	30	
Sewerage	697	675	
Solid waste management/trash trucks	153	-	
Other solid waste management		22	
Subtotal, Public Works Projects	3,710	3,557	
Subtotal, I dolle Horks I Tojects	J,710	3,337	
Pumping stations and generators	150	150	
Irrigation and drainage systems	130	130	
Major irrigation projects	130	130	
Dam repair, rehab, and new construction	125	125	
Umm Qasr to Basra water pipeline and treatment plant	200	200	
Marsh projects	100	200	
Basra Channel Flushing	40	40	
	87 <i>5</i>	775	
Subtotal, Water Resources projects			
Total, Water Resources and Sanitation	4,585	4,332	
Transportation and Telecommunications Projects:			
Airports	165	165	
Umm Qasr Port rehab	45	45	
	303	300	
Railroad rehab and restoration			
Iraqi Telecom and Postal Corporation	124	100	

(Postal IT / ZIP Codes)	(9)	(-)
Iraqi Communications systems	109	95
(Business practices for Iraqi TV and radio)	(10)	(-)
(Numbering scheme/911 initiative)	(4)	(-) 75
Iraqi Communications operations	89	75
Undistributed reduction, transportation and	-	-280
telecommunications Table Transportation and Talesammunications Projects	835	500
Total, Transportation and Telecommunications Projects	633	300
Roads, Bridges, and Construction:		
Housing construction	100	-
Public buildings construction and repair	130	130
Roads and bridges	240	240
Total, Roads, Bridges, and Construction	470	370
Health care:	•	
Nationwide hospital and clinic improvements 2/	393	493
Equipment procurement and modernization	300	300
Initiate 700m Basrah hospital project	150	-
Health care partnerships	7	-
Total, Health Care	850	793
Private Sector Development:		
American-Iraqi Enterprise Fund	200	•
Expanded network of Employment Centers	8	8 .
Training	145	100
Micro-Small-Medium Enterprises	-	45
Total, Private Sector Development	353	153
Education, Refugees, Human Rights, Democracy, and Governance		
Migration and Refugee Assistance	105	105
Local Information Centers	90	-
Property Claims Tribunal	30	30
Banking system modernizations	30	30
Business training courses	20	-
Human rights	15	15
Education	-	90
Civic programs	10	10
Total, Education, Refugees, Human Rights,	300	280
and Governance		
Transfer/financing	-	210
TOTAL, IRAQ RELIEF AND RECONSTRUCTION FUND	20,304	18,649

 $[\]underline{1}/$ Figures in parenthesis are included in amounts above.

 $[\]underline{2/}$ Includes \$50 million for pediatric facility in Basra.

The table above indicates programs that were supported in the House and Senate was and those that raised questions and concerns and were reduced or eliminated, such as the procurement of trash trucks, development of business courses, zip code and 911 projects, housing projects, and the construction of two prisons for \$400,000,000 and \$50,000 per bed.

The conferees have included bill language providing that the Iraq Relief and Reconstruction Fund shall be used to protect and promote public health and safety, including the arrest, detention and prosecution of criminals and terrorists.

The conference report includes bill language, as proposed by the House, that allows, but limits reallocations between functional categories, so that any category can be reduced by not more than 10 percent or increased by more than 20 percent. Acknowledging the unique circumstances in Iraq, the conferees have included language that the President may increase one such allocation by up to an additional 20 percent in the event of unforeseen or emergency circumstances. Transfers and reallocations between program, project and activities in the table above, if necessary, would be made subject to the standard notification procedures of the Committees on Appropriations. The conferees note that within the functional categories none of the funds provided are available to support any program, project or activity for which

funds have been denied or restricted unless the Appropriations Committees are notified 15 days in advance and approve such reprogramming of funds.

Under section 2207 of the general provisions of this chapter, the conference report includes a requirement by the Office of Management and Budget, in consultation with the CPA and the Committees on Appropriations, to submit a financial plan beginning on January 5, 2004 and quarterly thereafter. This financial plan is similar to that proposed by the House under the heading "Iraq Relief and Reconstruction Fund".

The conferees have reinstated bill language, enacted in the fiscal year 2003 Iraq Relief and Reconstruction Fund but not included in the supplemental request, which specifies agencies that may receive apportionment from the Fund. Consistent with previous language, the conference report again lists the Department of Defense, the Department of Health and Human Services, the Department of State, the Department of Treasury and the United States Agency for International Development. The managers have added the Coalition Provisional Authority (CPA) to this list, and allow the CPA to receive direct apportionment of IRRF funds for the first time, with the understanding that the CPA establishes a Chief Financial Officer operating in accordance with the responsibilities and functions specified in the Chief Financial Officer Act.

The conferees have included bill language, similar to that in the

Senate bill, that requires the Administrator of the CPA to seek to ensure

programs in Iraq and Afghanistan comply with the "Policy Paper:

Disability." The managers have included bill language proposed by the

Senate that assistance shall be available for Iraqi civilians who have suffered

losses as a result of military operations.

The conferees have provided \$29,000,000 for the operating costs of USAID and \$6,000,000 for the State Department Bureau of International Narcotics Control and Law Enforcement. The managers expect the Office of Management and Budget to ensure that agencies supporting the CPA and the reconstruction effort in Iraq are fully financed for administrative expenses through the funds appropriated in the Iraq Relief and Reconstruction Fund, in an amount equal to up to 10 percent of programs administered. The conference report also includes bill language providing that up to 1 percent of the total appropriated for the Fund may be transferred to "Operating Expenses of the Coalition Provisional Authority."

The conference agreement includes bill language, similar to that included in House and Senate bills that the CPA shall work, in conjunction with relevant Iraqi officials, to ensure that a new Iraqi constitution preserves full rights to religious freedom and tolerance of all faiths. The conferees also



The conference agreement includes a provision, similar to one in 108-11, which requires assistance to be made available to Iraqi civilians who have suffered losses as a result of military operations. The managers support medical, rehabilitation, shelter, microcredit, and other appropriate assistance to these individuals and expect all relevant agencies and organizations to coordinate efforts in providing this assistance.

that the CPA will work with Iraqis to include the guarantee of a number of other fundamental rights and individual freedoms, particularly basic human rights that were violated or denied during the tyrannical regime of Saddam Hussein.

The conference agreement includes language similar to that contained in the Senate bill providing \$100,000,000 for democracy building activities in Iraq. The managers endorse Senate report language on the use of these funds, and believe that the elections are essential to restoring Iraqi sovereignty. The conferees expect the Committees on Appropriations to be consulted on the use of democracy building and governance funds in Iraq. The conference report also includes bill language providing \$10,000,000 for the United States Institute for Peace for activities support peace enforcement, peacekeeping and post-conflict peacebuilding.

The managers endorse Senate report language recommending \$20,000,000 for media outreach activities in Iraq.

Finally, the managers have provided for the transfer of \$210,000,000 to support other high priority foreign assistance programs, including \$100,000,000 for Jordan, \$100,000,000 for Liberia, and \$10,000,000 for Sudan.

for education and blooming programs and

OPERATING EXPENSES OF THE COALITION PROVISIONAL AUTHORITY

The conference report recommends \$983,000,000 for "Operating Expenses of the Coalition Provisional Authority" under this new heading as proposed by the House, instead of providing the same amount for administrative costs of the Coalition Provisional Authority (CPA) in Iraq within the total amount under the heading "Operation and Maintenance, Army" as requested in the supplemental request and included in the Senate bill. The conference agreement provides an amount that is \$125,000,000 above the House bill, reflecting \$75,000,000 for the expenses of a new CPA Inspector General and office as provided in Title III of this Act, and \$50,000,000 for reporting and monitoring requirements and other supporting costs. The conferees have included language to ensure that the Department of Defense is able to continue to furnish assistance and services and any other support to the CPA.

The CPA currently oversees the reconstruction of Iraq, especially the non-military programs described in the Iraq Relief and Reconstruction Fund section of this report, from building waste water treatment systems to renovating health care centers to training law enforcement officials to providing computer training for Iraqi youth.

The conference report acknowledges CPA's leadership and role. The managers appland the CPA for recently establishing a presence in Washington DC, and expect to be kept updated on the progress of reconstruction efforts, roles and missions of supporting agencies, and implementation of programs funded by this Act.

The managers note that transparency is crucial for ensuring efficient, accountable reconstruction activities in Iraq. Therefore, this recommendation provides for the first time a direct operating appropriation for the CPA, and, under the Iraq Relief and Reconstruction Fund, the organization is given the authority to receive direct apportionment of program/project funds. The conferees expect that the Office of Management and Budget will transmit to the Committees on Appropriations by January 5, 2004, a budget justification for this new Operating Expenses account, including information required by OMB Circular A-11, such as standard financial information, program and financing and object classification schedules, and personnel summary data.

The conference report does not alter the reporting relationship of the Administrator of the CPA to the President through the Secretary of Defense.

However, it does further transparency by clarifying the operational cost of

foreign assistance, and the scope of the non-military reconstruction efforts.

Since the CPA is less than a year old and it is possible that the organization could require additional operational resources during this year, the managers also have included bill language in the Iraq Relief and Reconstruction Fund that provides authority, if needed, to transfer up to 1 percent, for CPA's operating expenses.

ECONOMIC SUPPORT FUND

The conference report recommends \$872,000,000 for the "Economic Support Fund" as proposed by the House, instead of \$422,000,000, as proposed by the Senate, primarily for reconstruction in Afghanistan. These funds would remain available for obligation until December 31, 2004.

The recommendation reserves \$672,000,000 for accelerated assistance for Afghanistan. The managers note the increasing terrorist activity against the Government of Afghanistan, international Coalition forces, and private non-governmental organizations providing relief and reconstruction assistance within Afghanistan, and concludes that the pace of reconstruction, as well as that of security assistance provided elsewhere in this Chapter,

must respond to the tenuous security conditions, especially in the southern and eastern provinces of Afghanistan.

The conferees recognize that further expansion of the mandate of the International Security Assistance Force (ISAF) can help improve the security environment in Afghanistan, and strongly encourage Administration to support such expansion of ISAF.

The conferees fully support most of the urgent programs included in the budget justification for Afghanistan civil reconstruction, including roads, education, health, power generation/private sector development, and provincial reconstruction teams. The conference agreement provides \$60,000,000 for Afghan women and girls to ensure that program, projects and activities funded in this Act include the participation of women and advance the social, economic, and political rights and opportunities of women in Afghanistan.

The State Department Coordinator of Assistance to Afghanistan and the Administrator of USAID are requested to provide the Committee not later than December 15, 2003, a fiscal year 2004 strategic and financial plan, including projected quarterly obligations by sector and major project (in excess of \$250,000), for all reconstruction and security activities in Afghanistan undertaken with funds provided by prior Acts, this Act and the

Foreign Operations, Export Financing and Related Programs Appropriations Act, 2004.

The conference report recommends \$191,000,000 for major and provincial roads, an endeavor that is critical to both economic development and security in Afghanistan. The conferees commend those engaged in the challenging project to reconstruct and pave the major Kabul-Kandahar road by the end of 2003, recognizes the dire security threat from neo-Taliban forces along its route, and urges United States Armed Forces in Afghanistan to increase surveillance of the construction areas and support for the private and Afghan national police security forces protecting the Kandahar road.

The additional funding will sustain the momentum of the Kabul-Kandahar project, by financing secondary and tertiary road development, primarily in the previously neglected southern and central regions.

The conference report provides an additional \$95,000,000 for schools and education in Afghanistan, \$55,000,000 above the request, and \$95,000,000 for private sector development and power generation, \$50,000,000 above the request. The funds are expected to support market centers-industrial parks, land titling, natural resources assessment and power generation projects. The conference agreement does not include \$10,000,000 for a venture capital fund. The conference agreement provides

\$65,000,000 to repair, rehabilitate and procure electric generation and distribution infrastructure in Afghanistan. In addition to the power requirements of Kabul already requested, the conference report has provided additional funds to rehabilitate and increase power generation from the Kajaki Dam facility that is essential to successful reconstruction in the politically sensitive Kandahar and Helmand provinces.

The conference report recommends an additional \$70,000,000 for support to the Government of Afghanistan (GoA). Of the recommended \$70,000,000, not less than \$25,000,000 will meet key GoA infrastructure needs, especially telecommunications between Kabul and the provinces.

The Ministry of Finance will use not less than \$10,000,000 to improve customs collections at Afghanistan's 11 official border posts and remitting of customs to the ministry on a timely basis. An indeterminate amount will be needed to augment other donor contributions to an international trust fund to pay government salaries until economic growth increases government revenue sufficiently to meet salary costs.

The conference report recommends \$69,000,000 for elections and improved governance in Afghanistan, \$12,000,000 above the request. In governance, the conference report recommends that activities be undertaken to promote private investment and trade capacity building. The managers

also support Senate report language recommending \$15,000,000 for media outreach activities in Afghanistan.

The conferees note that women in Afghanistan continue to struggle to achieve the basic rights, which they were denied under the Taliban. Women were severely affected by their inability during those times to participate. and participate in local and national governance. The conferees have agreed to provide \$60,000,000 for technical and vocational education, programs for women and girls against sexual abuse and trafficking, shelters for women and girls, humanitarian assistance for widows, support of women-led NGOs, programs to disseminate information about the rights of women, and to provide women's rights training to military, police and legal personnel. Significant funding above the Administration's request has been added for Afghanistan to accelerate reconstruction efforts. Funds have been made available for these specific purposes to ensure that programs that address these critical needs are adequately funded.

Where possible, such programs should be implemented by local civil society groups, and especially local women's groups. The managers expect USAID to provide technical and other assistance to strengthen the capacity of these groups and to support their activities. The conferees are concerned that without greater attention to the specific challenges facing

women and girls in Afghanistan, the country's prospects for broad-based economic growth and democratic development will be sharply reduced.

The managers have included bill language requiring that obligation of funds made available by this Act or by prior Appropriations acts for senior advisors to the Chief of Mission in Kabul be subject to notification. This provision does not apply to U.S. officials required to design and manage a massive Afghanistan assistance program, the actual number of which is presently insufficient due to a shortage of housing and office space. Ample funds are provided in this Act to construct an interim facility to accommodate additional assistance and security personnel in Kabul. The managers urge the Departments of State and Defense and USAID to immediately accelerate efforts to provide adequate office and housing space required for the effective management and oversight of activities funded in this Act, and keep fully informed of progress toward deploying an the Committees adequately staffed Mission in Kabul.

The conference agreement provides \$50,000,000, as requested, for projects directly involving requirements identified by provincial reconstruction teams (PRTs) in eight to twelve provinces. In addition, \$8,000,000 is provided temperate dedicated air service, armored vehicles,

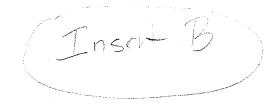
and other security enhancements for the civilians deployed to the PRTs and other assistance mangers in Afghanistan.

The conferees support an additional \$49,000,000 for health services in Afghanistan. If a permissive security situation is extended throughout all of Afghanistan during 2004, the additional health and road funds will accelerate achievement of the objective of bringing all Afghans within 4 hours' travel of a health clinic.

vacommends)

The conference agreement provides an initial \$30,000,000 for disarmament, demobilization and reintegration (DDR) projects, \$30,000,000 below the request. The managers note that Japan has already provided full funding for the initial pilot projects in Northern Afghanistan that will help determine the feasibility of DDR projects prior to the training and deployment of a multi-ethnic Afghan National Army that is firmly under civilian Afghan control. The managers believe that Japan and other donors will make additional contributions to DDR projects if the pilot effort is a success and is replicable in other regions.

The managers also recommend that \$23,000,000, not included in the request, be provided for water projects in Afghanistan. Because of the essential role of irrigation in agriculture, and the lack of potable water in many urban areas and small towns, the managers request USAID to report



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The managers expect not less than \$10,000,000 in ESF assistance to be made available through appropriate humanitarian organizations for additional food, clothing, heating and cooking fuel, emergency shelter materials, and other basic necessities for displaced Afghans in and around Kabul.

not later than January 15, 2004 on the feasibility of expanding rural and urban water projects in Afghanistan.

The managers take note of the outstanding jobs that the men and women of USAID, the Departments of Defense and State and other federal agencies supporting the Embassy in Kabul and Afghanistan's reconstruction have accomplished under the most difficult of circumstances.

As the cooperation of the Government of Pakistan is vital to United States and Coalition efforts to build a stable Afghanistan, the conference agreement includes language proposed by the President to allow up to \$200,000,000 from "Economic Support Fund" to be made available for the subsidy cost of modifying direct loans and guarantees previously issued for Pakistan. The conference report includes the \$200,000,000, subject to a determination by the President that the Government of Pakistan is cooperating with the United States in the global war on terrorism.

The conference agreement also provides for the transfer to the Economic Support Fund from the Iraq Relief and Reconstruction Fund of \$100,000,000 for assistance for Jordan.

INTERNATIONAL DISASTER AND FAMINE ASSISTANCE
(INCLUDING TRANSFERS OF FUNDS)

The conference report recommends \$110,000,000 for International Disaster and Famine Assistance for Liberia and Sudan, instead of \$100,000,000 as proposed by the House or \$200,000,000 under the heading "Emergency Fund for Complex Foreign Crises" as proposed by the Senate.

The managers are very concerned about the humanitarian crisis in Liberia, where approximately 800,000 refugees and internally displaced persons are living in dire conditions. The managers have provided \$200,000,000 in "International Disaster and Famine Assistance" to addressed this situation. Of this amount, \$100,000,000 is made available by transfer from the "Iraq Relief and Reconstruction Fund".

The managers are aware of the important developments that have occurred in Sudan in an attempt to end more than 20 year of civil war. The conference agreement provides \$20,000,000 in "International Disaster and Famine Assistance" to bolster these efforts. Of this amount, \$10,000,000 is made available by transfer from the "Iraq Relief and Reconstruction Fund".

As other funds are available to respond to natural disasters abroad, the conference agreement limits the circumstances under which these funds may be obligated to those where the President determines that the proposed

United States response to a complex foreign crisis is in the national interest and essential to efforts to reduce international terrorism.

The conference agreement includes a provision authorizing the transfer of up to one half of one percent of certain other funds to this account. All proposed obligations made available under this heading are made subject to the regular notification procedures of the Committees on Appropriations.

DEPARTMENT OF STATE

INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

The conference report recommends \$170,000,000 for "International Narcotics Control and Law Enforcement", as proposed by the House instead of \$120,000,000 as proposed by the Senate, for accelerated assistance for Afghanistan. These funds would remain available for obligation until December 31, 2004.

The conferees are gravely concerned about the increasing terrorist activity against the Government of Afghanistan and private non-governmental organizations providing relief and reconstruction assistance within Afghanistan. The capacity of Afghan security forces to protect their own government and international reconstruction efforts must be expanded

as rapidly as feasible, and the increased funding responds to that urgent requirement.

The conferees note the leadership role of Germany, the United
Kingdom and Italy in the police training, counter-narcotics and judicial
reform sectors, respectively, and encourage each of these Coalition members
to accelerate its assistance efforts in Afghanistan.

In order to respond to this rapidly evolving situation, the conference agreement is previding \$160,000,000 to accelerate the training and equipment of the Afghan National Police and Border Police and to increase counter-narcotics law enforcement capacity. In addition, \$10,000,000 is provided for the training of prosecutors, court officers and the Afghan judiciary. The managers intend that all assistance to Afghanistan be conducted on a basis of non-discrimination among its ethnic groups and include special emphasis on the rights of women and minorities.

NONPROLIFERATION, ANTI-TERRORISM, DEMINING, AND RELATED PROGRAMS

The conference report recommends \$35,000,000 for "Nonproliferation, Anti-Terrorism, Demining and Related Programs" as proposed by both the Senate and the House. This level would support anti-terrorism training programs and equipment needs in Afghanistan, to

continue the work of disarming the staggering number of mines throughout the country, and to provide in-country support for the protection of Afghan President Karzai.

MILITARY ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

FOREIGN MILITARY FINANCING PROGRAM

The conference report includes \$287,000,000 for "Foreign Military Financing Program", as proposed by the House instead of \$222,000,000 as proposed by the Senate, for accelerated security assistance on a non-repayable basis for Afghanistan. These funds would remain available for obligation until September 30, 2004. The rapid training and deployment of an ethnically balanced, professional national army for Afghanistan is essential to the success of Coalition efforts to promote a stable and peaceful Afghanistan.

The managers encourage the President, the Secretary of State and the Secretary of Defense to continue to remind the Government of Afghanistan that United States military assistance is provided to build a new Afghanistan army that is professional, multi-ethnic, and loyal to the civilian leadership in the central government. Failure of the Government of Afghanistan to

continue moving rapidly toward this common objective should not be rewarded with continuing military assistance by any agency of the United States Government to armed militias or army units that do not share these objectives.

To this end, the conferees request the Secretary of State, in consultation with the Secretary of Defense, to provide it with periodic reports on the progress of the new Afghan army, meeting the criteria set forth in House Report 108-312.

PEACEKEEPING OPERATIONS

The conference report recommends \$50,000,000 for "Peacekeeping Operations" as proposed by both the Senate and the House. This level would support multilateral peacekeeping needs in Iraq and Afghanistan.

GENERAL PROVISIONS--THIS CHAPTER

The managers recognize that debt incurred under the Saddam Hussein regime presents a potential challenge to the country's development. However, this supplemental appropriations act is intended to meet emergency needs, and the managers are of the opinion that paying foreign debtors out of United States funds is not among those needs. The conference report includes section 2201, a general provision included in the

House bill and similar to the Senate bill, that prohibits the use of funds appropriated in this Act, or in the 2003 Iraq Supplemental Appropriations Act (P.L. 108-11), to be used to pay for any debt entered into by the Iraqi government before the defeat and overthrow of Saddam Hussein. Nothing in this provision, however, should be construed as discouraging the Departments of State and Treasury from working with lenders in reducing and restructuring Iraq's debt burden. The House addressed this matter in section 2201 and the Senate in section 2311.

The conferees have been concerned with the lack of transparency with which several contracts have been let for Iraq reconstruction. Both the House and Senate bills included a number of provisions intended to require greater adherence to full and open competition. Both the House and Senate bills provide that when other than full and open competition is pursued, if necessary, then the agency using other than full and open competitive procedures must inform the Congress and the American public.

It is in the best interests of most involved, including the United States business sector and the Iraqi people, to use open and full competition for all but a very limited number of contracts. For situations in which ensuring such competition might be inappropriate – such as in cases of an emergency

- the managers believes that existing federal regulations allow for adequate flexibility.

Therefore, the conference agreement includes language in sections 2202 and 2203 to limit the use of non-competitive contracts in the "Iraq Relief and Reconstruction Fund" in this Act and Public Law 108-11. This language is in lieu of a number of "competition in contracting" provisions in both the House and Senate bills. This conference agreement preserves the prerogative to waive the requirement for full and open competition in certain circumstances, as outlined in applicable federal procurement regulations. The provisions require that such a waiver be with the written approval of the Administrator of the Coalition Provisional Authority and the head of an agency of the United States Government that awards and manages the contract, and that information on the contract and the justification of the waiver be transmitted to the appropriate committees of Congress and be made available to the public. The certifications cannot be delegated, and must be transmitted to the appropriate congressional committees and made available to the public 7 days before the non-competitive contract is awarded. The provision pertains to the amendment, extension or modification of contracts entered into prior to the enactment of this Act using other than full and open competitive procedures, including so called

"limited competition" contracts; this is intended to require notification of significant changes in scope or increased funding above award ceilings for contracts that were previously awarded under "limited competition."

Contracts below a value of \$5,000,000 are exempted from these requirements as are small businesses as defined in 15 USC 631 et seq. The House addressed contracting issues in sections 2202, 2203, and 3007 and the Senate addressed these issues in section 5003.

In sections 2204 and 2205, the managers recommend language similar to that requested by the President to clarify, extend and broaden authorities provided in Public Law 108-11. These authorities suspend relevant provisions of the Iraq Sanctions Act and make inapplicable to Iraq certain provisions of law that restrict assistance to countries that support terrorism. They also authorize the export of arms to specific Iraqi security forces.

Instead of making permanent these authorities as requested by the President, the conference report extends them for another year. The House and Senate bills each provided similar language.

Although the President, on May 7, 2003, exercised his authority under section 1503 in Public Law 108-11 as originally enacted to make permanently inapplicable to Iraq any provisions of law that apply to countries that support terrorism and to suspend relevant provisions of the

Iraq Sanctions Act, the amendment in section 2204 extending the expiry date of section 1503 is necessary to ensure that laws referred to in its fourth and fifth provisos, i.e., section 307 of the Foreign Assistance Act requiring withholding of the United States proportionate share of contributions to international organizations that have programs in Iraq and provisions of law directing voting against or opposing programs, shall not apply with respect to Iraq through fiscal year 2005.

In section 2204, the conference report amends section 1504 of Public Law 108-11 to include language specifically authorizing the export of small arms to private security forces and extending the authorities of this section for another year. With regard to the export of lethal military equipment for private security purposes, the managers intend that only small arms may be exported for such purpose. For the purposes of this section, the managers understand small arms to mean all equipment listed in Category I of the International Traffic in Arms Regulations (22 CFR 120-130), and that such exports shall be made for the purposes of providing security for contractor operations during the reconstruction of Iraq. For all equipment exported under this section, the managers expect that the notification contained in this section shall contain specific information with respect to the end user and the purposes for which such equipment has been exported. The conference

report does not include language requested by the President that would authorize the export of advanced conventional equipment to Iraq, such as long-range precision guided munitions, fuel air explosives, cruise missiles, laser weapons, and military satellites.

The conference report includes language in section 2206 that increases the cumulative value of military equipment that the Department of Defense may provide to Afghanistan from \$300,000,000 to \$450,000,000. This provision was in section 2206 of the House bill and section 301 of the Defense chapter of the Senate amendment.

The conference report includes a new general provision, section 2207, that is similar to the House language requiring the Office of Management and Budget to submit to the Committees on Appropriations a financial plan no later than January 5, 2004 and every 3 months thereafter. The managers have restricted the obligation of all but up to 20 percent of funds under the heading "International Relief and Reconstruction Fund" until this plan is submitted, but the managers intend that any funds spent before the plan is submitted also will be detailed in the financial plan. The managers direct that the financial plan be updated quarterly to reflect any prospective changes to estimates of future or ongoing projects, and require that the Administration notify the Committees on Appropriations 15 days prior to

Trag Relief and Reconstruction Fund

obligation of any increases or decreases at the project level to the financial plan between quarterly submissions. The table in this conference statement under the heading 'provides functional categories as well as program activities. The managers expect the financial plan to correspond with these functional categories but also include more specific project level detail including, but not limited to, specific capital projects including bridges, railroads, training centers, roads, prisons, hospitals, and health clinics, as well as the establishment of training programs, and repatriation of refugees and internally displaced persons by implementer. For capital projects, the managers direct that the OMB include a breakdown of cost estimates that explains the assumptions and data on which the estimates were based. The managers also intend that for each line of project-level activity, the financial plan specify which United States Government agency will be expected to implement the project. The conference report requires that OMB consult with the Committees on Appropriations prior to submitting the plan. The managers view this consultation as an ongoing process, one that should start immediately after enactment of this Act and continue until the first plan is submitted, and every 3 months thereafter. The Senate had similar language in sections 2310 and 2321.

Section 2208 is the same as the general provision in the House bill that deems any successor United States Government entity to the CPA as the CPA for purposes of authorities and responsibilities in this Act. The Senate did not address this matter.

In section 2209, House bill language is included so that funds are made available for Iraq and Afghanistan notwithstanding any other provision of law not contained in this Act, any provision that restricts assistance to foreign countries, and section 660 of the Foreign Assistance Act. Such authority is subject to five days notification. The Senate addressed this matter in section 2302.

In section 2210, the conference agreement includes language that provides that funds appropriated by this chapter may be obligated and expended notwithstanding section 10 of Public Law 91-672 and section 15 of the State Department Basic Authorities Act of 1956, as proposed by both the Senate and the House.

The conference report includes language in section 2211 that allows the Overseas Private Investment Corporation to operate in Iraq notwithstanding any other provision of law. The managers support OPIC programs in Iraq, and the conference report provides language to permit the President to enter into agreements with an entity other than a host country

government. However, the managers do not expect that OPIC's authority will be exercised to waive other existing statutory requirements including longstanding Congressional mandates; therefore, the conference report requires that the exercise of such authority is subject to the regular notification procedures of the Committees on Appropriations. The Senate addressed this matter in section 2307.

The managers direct the Export-Import Bank of the United States and the Trade and Development Agency to report quarterly during fiscal year 2004, beginning 90 days after enactment of this Act, to the Committees on Appropriations regarding each agency's activities in Iraq.

In section 2212, the conference report includes a provision included in the Senate amendment that allows transfers among international assistance programs in this chapter in an amount not to exceed \$100,000,000. The House did not address this matter.

Section 2213 of the conference report reflects the Senate language on extending the waiver on Pakistan sanctions. The House did not address this matter.

Section 2214 amends the authorization levels in the Afghanistan

Freedom Support Act to be consistent with the levels of funding provided in this Act and H.R. 2800. The reporting requirements in section 2312 of the

Senate bill are addressed in section 2215 of the conference report. The House bill did not address this matter.

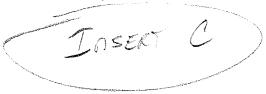
Section 2215 is a new section that consolidates many of the reporting requirements of the House and Senate bills under one provision entitled "Reports on Afghanistan and ". This includes issues relating to debts owed by the government of Saddam Hussein in Iraq, efforts of the United States to increase resources contributed by foreign countries and international organizations to the reconstruction of Iraq, the manner in which the needs of people with disabilities are being met in the development and implementation of reconstruction activities in Iraq and Afghanistan, progress made in indicting leaders of the former Iraqi regime for war crimes, and efforts by the Coalition Provisional Authority and relevant Iraqi officials to preserve religious freedoms. In addition, this provision includes a monthly reporting requirement on Iraqi oil production and oil revenues, and the use of such revenues, and progress made in accomplishing United States assistance and development goals in Afghanistan. This section reflects the requirements of House section 2207 and Senate sections 2309 and 2314.

In section 2216, the conference report prohibits funds appropriated or Chapter otherwise made available by this Act under the heading "Iraq Relief and Reconstruction Fund from being obligated for any activity in contravention

of the Optional Protocol to the Convention on the Rights of the Child on the Involvement of Children in Armed Conflict. This is similar to Senate section 2318, and the House did not address this matter.

Section 2217 is a new general provision that relates to women's participation in reconstruction in Afghanistan and Iraq.

The conference agreement does not include language from the Senate bill expressing the sense of Congress on certain matters. The managers endorse the intent of this language, specifically that: each country that is owed a debt by Iraq that was incurred during the regime of Saddam Hussein should forgive such debt; arbitrary deadlines should not be set for the dissolution of the Coalition Provisional Authority, and that transfer of authority should occur only after the ratification of an Iraqi constitution and the establishment of an elected government in Iraq takes place; the United States should make every effort to increase the level of financial commitment from other nations to reconstruction in Iraq, and that the United States contributions to these efforts should be done in a manner that promotes economic growth in Iraq and limits the long-term cost to American taxpayers; and, the removal of the Government of Iraq under Saddam Hussein enhanced the security of Israel and other United States allies.



(INSERT C)

The managers do not include House sections 2212, 2213, (Compared to the compared to the compar

9006 and 3007 Senate sections 2308, 2310, 2313, 2314, 2315, 2316,

2317, 2319, 2320, 2321, 5003, 5004, 5005, and 5007.

and

TITLE III – INSPECTOR GENERAL OF THE COALITION PROVISIONAL AUTHORITY

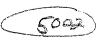
The conference agreement includes a new title that establishes an Inspector General of the Coalition Provisional Authority (CPA). This title is in lieu of provisions in the Senate version of the bill to establish an Inspector General of the CPA. The House bill did not contain a comparable provision.

The Inspector General will perform oversight and promote transparency on tracking of funds; provide continuing review and accumulation of data concerning both reconstruction activities and contracting; monitor the constant flow of information, particularly the accounting of the use of funds and transfers of funds between agencies and other third parties; and establish controls and a record-keeping system that can accumulate and maintain records for future reviews, investigations, and/or audits.

Funding is provided for the Inspector General within the Operating Expenses of the Coalition Provisional Authority account in Title II of this Act.

TITLE IV – GENERAL PROVISIONS – THIS ACT

The conference agreement includes a provision, as proposed by the House, which limits the availability of funds provided in this Act.



The conference agreement includes a provision, as proposed by the Senate, designating the amounts provided in the Act as emergency requirements. The House did not include a similar provision, but did include individual emergency designations with each appropriation account.

DEPARTMENT OF EDUCATION

IMPACT AID

The conference agreement contains modified language proposed by the House which ensures that schools serving the children of military personnel continue to receive Impact Aid funds when their parents are deployed or killed while on active duty and the child continues to attend the same local educational agency. The Senate bill did not include this provision.

The conference agreement does not include additional funds for the Department of Veterans Affairs. The Senate proposal included \$1,300,000,000 for medical care. The House proposal did not include supplemental funds.

The conference agreement does not include a provision proposed by (Sec. 5001) the Senate requiring the President to submit to each Member of Congress a report on the projected total costs of United States operations in Iraq, including military operations and reconstruction efforts, through fiscal year 2008. The House did not include a similar provision.

5006

The conference agreement does not include a provision proposed by the Senate to permit personal injury claims by United States citizens and their spouses and children against a foreign state relating to such citizens being held hostage between 1979 and 1981. House did not include a similar provision.

The conference report does not include House section 3004, prohibiting funds from being provided to any unit of security forces of a foreign country if these forces credibly have been alleged to have been involved in abuses of human rights. As this is also a general provision in the annual foreign operations appropriations Acts, the managers expect these criteria to apply to all funds provided in fiscal year 2004.

The managers do not include House sections 2212, 2213, 3002, 3004, 3005, 3006, and 3007 Senate sections 2308, 2310, 2313, 2314, 2315, 2316, 2317, 2319, 2320, 2321, 5003, 5004, 5005, and 5007.

CONFERENCE TOTAL--WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 2004 recommended by the Committee of Conference, with comparisons to the 2004 budget estimates, and the House and Senate bills for 2004 follow:

[In thousands of dollars]

Budget estimates of new (obligational) authority, fiscal year 2004	\$ 87,039,804 86,856,029 86,449,004 87,442,198
2004	+402,394
House bill, fiscal year 2004	+586,169
Senate bill, fiscal year 2004	+993,194

Managers on the part of the HOUSE	Managers on the part of the SENATE
C.W. BILL YOUNG MEXRY LEWIS HAROLD ROGERS	THAD COCHRAN ARLEN SPECTER HETE V. DOMENICI
FRANK WOLF	CHRISTOPHER S. BOND
JIM KOLBE	MYCH MCCONNELLY
	- may 12
JAMES T. WALSH	CONRAD BURNS Richard Alelbr
JAMES T. WALSH	RICHARD C. SHELBY
JOE KNOLLENBERG	Julion GREGG
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